ANCILLARY AND CONTROL AREA SERVICES
POTENTIAL RATE ISSUES

Generation Imbalance

Review rate design, including issues broached in 2002 Generation Imbalance rate case.
Considerations:

- Alternative rate design to 100 mill/kwh penalty charge. Now applies to deviations outside the band when the actual generation is less than the scheduled delivery.
- The 2002 GI rate case proposed to exempt wind resources from the 100 mill/kwh penalty. There was also interest in exempting all renewable resources, and thermal resource during testing and startup.
- Spill treatment – use daily determination of Spill for not allowing credit instead of monthly determination.
- Eliminate monthly carryover for within the band deviations to make billing corrections easier. Do via business practice.

Strawman is attached.

Energy Imbalance

Review rate design similar to Generation Imbalance

Operating Reserves – Spinning and Supplemental Reserves

- Contingency energy charge – This is energy delivered during a contingency and is now charged to the Transmission Contract Holder (TCH). The proposal is to charge the generator having the contingency. The billing is now complex, as BPAT must allocate energy to each TCH with a schedule from the generator at time of contingency. This changed the traditional relationship of power buyer and seller, as the seller/generator is not responsible for the energy it committed to produce. The charge is determined by how well the generator performs.

- Capacity charge – If WECC replaces the current 5%/7% reserve requirement with the Frequency Responsive Reserves (FRR) option (which reduces reserve requirement), BPAT may need to revise the billing determinant.

GENERATION IMBALANCE STRAWMAN

An alternative rate design is to use symmetrical deviation bands with increasing penalties as the deviation becomes larger. This applies to all generators.

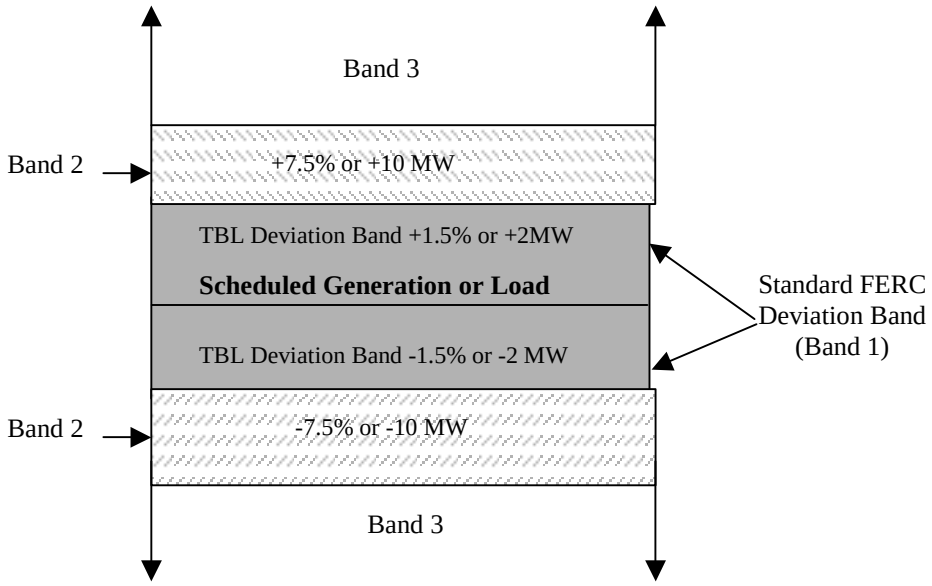
EXAMPLE DESIGN

Deviation = scheduled power – actual delivery (positive is cost to customer)

Band 1:
Deviations less than 1.5% or 2 MW
Settlement at end of month if deviation balance is not zero

Band 2:
Deviations greater than 1.5% or 2 MW and less than 7.5% or 10 MW
Settlement at energy index plus 10% for positive deviations
Settlement at energy index minus 10% for negative deviations

Band 3:
Deviations greater than 7.5% or 10 MW
Settlement at energy index plus 25% for positive deviations
Settlement at energy index minus 25% for negative deviations



QUESTIONS

1. What is the appropriate bandwidth and penalties to insure accurate scheduling?

2. Should the 100 mill/kwh penalty rate be applied at some level of deviation, as in band 3?

3. How should wind generators fit into an alternative rate design? Should wind be exempt from band 3?
   The recent rate case concluded that wind resources should be exempt from the 100 mill/kwh penalty rate for positive deviations.

4. Should other generators, as renewable resources or thermal plant during testing or startup, be exempt from band 3?

5. For Spill conditions, should the current determination of when Spill is applied be changed from a monthly determination to a daily determination?
   The change means if Spill occurs for any hour during a day, then Federal System is in a Spill Condition for that day, and no credit will be given for negative energy deviations during that day.

6. Should a change be made to settlement within the band (band 1 in example)?
   This band now has HLH and LLH deviation balance accounts and allows the customer to schedule return energy to bring the account balance to zero. If the account balance does not reach zero during the month, settlement is at the last 7 days average energy index price plus 10% for positive deviations and minus 10% for negative deviations. BPAT is proposing to change the business practice to have the settlement at the end of the month if the balance is not zero.

7. Should the same rate design apply to Energy Imbalance?